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The Washington Merry-Go-Round

Synthetic Rubber Sales Criticized

By Drew Pearson

Some of the facts lurking in the background of our synthetic rubber situation don't look good.

Pearson

Despite this, the Eisenhower Administration continues determined to turn the rubber factories, built at enormous expense to the taxpayer, over to the big rubber and oil companies. In fact, if Congress doesn't act, they automatically are sold on March 26.

Here are some of the disturbing facts which Congress ought to take a careful look at:

Low Stockpile—All Government press releases regarding synthetic rubber reserves have suddenly stopped. They used to be published once a month but none since January 20. Reason: The synthetic rubber reserve has dropped alarmingly. Though we're supposed to keep 60,000 tons on hand, today we have only 38,000 tons, which will drop to 28,000 by April 26. (The synthetic factories are to be sold on March 26, delivered April 26.).

Little Companies Squeezed—The rubber companies ordered a total of 61,000 tons of Government synthetic rubber for March, have other orders of 69,000 tons for April. Yet the factories will produce only 61,000 tons in March and 59,000 in April. On top of this, production will drop another 45,000 tons yearly after the factories are sold, because General Tire and Rubber hasn't made a deal with the Government to buy the Baytown, Tex., synthetic plant. This certain shortage means that little companies won't be able to buy after April.

Only 22 tire companies consume 72 percent of all synthetic rubber. Of these, the big four alone consume 60 percent. But there are scores of other companies needing rubber for other purposes which may not be able to buy it after April 26.

Bonanza for Big Business—Under the terms of the sale, private companies pay Uncle Sam 260 million dollars for the rubber factories. Meanwhile, the factories are making an annual profit averaging about 64 million dollars. This means that if the United States Government kept the plants and ran them for four years, it would make as much profit as the purchase price.

Another way of putting it: The big boys who are buying the factories pay for them out of profits. In the end the factories cost nothing. It's a good deal if you can get it, and the companies will have it on March 26—unless Congress acts.

"Uncle Sap"—Though the best rubber factories are being sold, "Uncle Sap" is keeping the most expensive to operate—at Institute, W. Va. This will be kept on a stand-by basis, because private industry won't buy it. In other words, the big boys are skimming the cream while Uncle Sap takes the curds.

Reds March On—Meanwhile, the march of communism into Southeast Asia, chief world source of natural rubber, continues.

Washington Whirl

Allen Dulles, efficient head of Central Intelligence and brother of the Secretary of State, plans to bow out. His hero son, terribly wounded in the Korean war, isn't recovering as hoped. Allen wants to give all his time to the boy . . . Gen. Lucien K. Truscott, now in Europe, has been groomed to take his place, though for the time being it will be Gen. Charles P. Cabel, a young Army officer of great promise . . . Stern Ellis Briggs will be the new United States Ambassador to Peru. He's served in the tough posts of Korea and Czechoslovakia, deserves a chance to relax in pleasant Peru. Probably, however, he won't. He's too serious . . . Harold Tittman, retiring United States Ambassador to Peru, turned out to be one of the most successful envoys we have sent there . . . Charles Mahaffie, one of the most respected men ever to serve on the Interstate Commerce Commission, has joined Max Gardner's law firm. Ike retired him from the ICC . . . Simultaneously, Ike pulled one law partner away from the same firm—Former Sen. John Sherman Cooper of Kentucky—who's going to India as Ambassador—one of the most difficult and important jobs in the diplomatic lineup.

Read Drew Pearson's column every day, in The Washington Post and Times Herald.